(b) whether the decision of Government is based on the recommendation of some Committee or group of experts; if so, the name of members of the Committee or group and the details of its recommendations; and

(c) the details of the customers to whom private sector pipelines would cater and whether they are aware of this policy?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) Government had in April, 1996 approved for setting up petroleum product pipelines the formation of a Holding Company (Non-Govt.) with equity participation of 16% each by IOC, HPCL & BPCL and 2% by IBP. The balance 50% equity is to be offered to private companies, Financial institutions, etc. The pipeline Holding Company in the name 'Petronet India Limited' has since been incorporated on 26.05.1997 with its registered office at Mumbai.

(b) The above decision is based on the report of the Working Group consisting of General Managers of various oil companies, which has inter-alia suggested the formation of the Holding Company and subsidiary companies for implementation of product pipelines.

(c) According to the existing policy on Marketing of Petroleum Products only 4 Public Sector Oil Companies i.e. IOC, HPCL, BPCL and IBP are authorised to do the Marketing of major petroleum products in the country. However, parallel Marketing for L.P.G., S.K.O., LSHS has been allowed from February, 1993.

Fire accident at Vizag

398. SHRI BHAGABAN MAJHI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of the damage caused to the Oil Refinery at Vizag, following the fire accident in September last;

(b) the reasons of the accident;

(c) whether the repair and restoration work of that Refinery has started; and

(d) if so, the date by which production is expected from that Refinery of Hindustan Petroleum Corporation Ltd?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) The fire accident in HPCL Vizag Refinery/Marketing Thermal on 14th September 1997, has caused damage to LPG spheres, storage tanks in LPG area refinery tanks farm and marketing Terminal, besides death of 60 persons and injuries to 10 persons.

(b) The accident is being investigated into by a Commission set up by Government on 11.10.97, which has been asked to submit its report to the Government within three months.

(c) and (d) Yes, Sir. The Refinery is expected to be re-commissioned by January, 1998 subject to HPCL getting necessary approval from statutory authorities.

Oman's offer to sell LNG

399. SHRIMATI JAYAPRADA NAHATA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whethr Oman has offered to sell India a huge quantity of liquified natural gas (LNG) every year;

(b) if so, the quantity of gas offered and whether the terms are favourable; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) and (b) At the Indo-Oman Joint Commission meeting held in October, 1997 the Oman Government has made a general offer to supply LNG to India but the details were not specified.

(c) Government have already taken a decision to import LNG and actual imports as also sources of imports would depend upon the price & other relevant factors.

Lowering of aviation Fuel Prices

400. SHRI GOVINDRAO ADIK: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether attention of Government has been drawn to the newsitem appeared in the Financial Express dated 12th September, 1997;

(b) if so, the reaction of Government thereto and the facts regarding the proposal under consideration alongwith the implications thereof; and

(c) the details regarding the present status of the proposal?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) to (c) The Government on 1.9.1997 had decided in principle to dismantle the Administered Pricing Mechanism in the petroleum sector by introducing reforms in a phased manner based on the recommendations of 'R' Group. It had also decided that in the medium run, all petroleum products except kerosene will be priced at import parity. Hence, the pricing of ATF for domestic operations would also be determined, in future, in line with the above decision.

Crude Oil production in Neelam Oil Fields

401. SHRI GOVINDRAO ADIK: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether ONGC is losing $ 1 million a day because of its inability to stem a decline in crude oil production from 90,000 barrels 3 years ago to 38,000 barrels a day from Neelam Oil Fields with chances of further decline in case immediate steps are not taken;

(b) if so, the reasons therefor;

(c) whether Government are considering a proposal to hand over the Neelam Oil Field to foreign company on the pattern of handing over Ravva Panna and Mukta Oil Fields; and

(d) the details regarding the present status of action/decision taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T.R. BAALU): (a) and (b) The production from the Neelam oilfields has declined from the level of 90000 BOPD in April, 1995 to around 40000 BOPD during 1997 due to following reasons:—

(i) Change in geological model and reduction in initial oil inplace have been noticed on evaluation of results of development drilling.

(ii) Pre-mature breakthrough of water and high gas oil ratios in some of the wells.

(c) and (d) No decision has been taken by the Government to invite private participation for the rehabilitation of Neelam Oil Field. The consultancy services of a company have been hired for studying the behaviour of some of the wells of the field. ONGC has also set up a multi-disciplinary asset group to tackle the problem in a more focussed manner.

Bitumen Scandal

402. SHRI KRISHNA KUMAR BIRLA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is fact that a special audit ordered by the Oil Coordination Committee revealed a major bitumen scandal involving certain oil companies and the transporters, defrauding the Exchaquer by diverting thousands of tonnes of bitumen to the black market and claiming the transportation charges on fake bills drawn from the oil pool account;